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C O N F I D E N T I A L SECTION 01 OF 02 TAIPEI 002470

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SUBJECT: DIFFERENCES OVER CAMPAIGN STRATEGY BETWEEN DPP
CANDIDATE FRANK HSIEH AND PRESIDENT CHEN

Classified By: AIT Deputy Director Robert S. Wang,
Reasons: 1.4 (b/d)

11. (C) Summary: A close advisor to DPP candidate Frank Hsieh told AIT that Hsieh is concerned President Chen's confrontational style could undermine his efforts to reach out to moderate centrist voters. Our contact attributed Chen's approach to a view that Taiwan's society has an "M" shape distribution with no centrist voters. By contrast, Hsieh believes Taiwan's society has a normal "bell" distribution and is basing his campaign on an appeal to the moderate majority. Hsieh will stick to his position on liberalizing cross-Straits economic policy but not criticize President Chen for making disparaging remarks. Despite their differences, Hsieh counts on President Chen to raise political donations and direct government resources where they will help his campaign. End Summary.

12. (C) Corey Chen (please protect), a TECRO Council Member and close political advisor to DPP presidential candidate Frank Hsieh, has told AIT Hsieh is concerned President Chen's confrontational campaign strategy will damage his own efforts to reach out to moderate swing voters. Hsieh, for example, is unhappy with the disrespect President Chen recently displayed in criticizing the wording on the funeral urn of KMT candidate Ma Ying-jeou's deceased father. The DPP candidate is concerned President Chen's excesses will drive away Light Green voters who otherwise would be likely to vote for him. At the conclusion of the UN torch relay on November 3, Corey Chen noted, Hsieh had pointed out to President Chen that some participants had been injured by rocks thrown by Deep Blue opponents of the referendum. Asked by Hsieh whether he wasn't worried about the injured and their families, President Chen did not respond.

13. (C) According to Corey Chen, President Chen has defended his confrontational strategy by arguing to Hsieh that the distribution of Taiwan voters on election day will fall into an "M" shaped distribution: there will be no middle ground, only Blue and Green supporters. In addition, President Chen maintains that the only way to mobilize the Green base voters needed to win the election is to sharpen the political confrontation in society. Hsieh disagrees with President Chen, Corey Chen stressed. Hsieh believes that Taiwan society follows a normal "bell" curve distribution, with a large middle class. In Hsieh's view, the key to election

victory is to win sufficient support from voters in the middle of the political spectrum. Hsieh is also concerned that President Chen's efforts to stir up Blue-Green confrontation may hurt the chances of some DPP legislative candidates, who must appeal to Light Green and Light Blue voters in districts where the DPP does not enjoy majority support.

¶4. (C) Corey Chen recalled that Frank Hsieh had deliberately avoided provoking Blue-Green tensions in his two campaigns for Kaohsiung mayor. During his first campaign for Kaohsiung mayor in 1998, Hsieh was able to win because KMT Mayor Wu Den-yih had devoted too much time and attention to politics in Taipei, consequently turning in a poor performance as mayor of Kaohsiung. When seeking reelection in 2002, Hsieh campaigned on the theme of continuing to work for the future of Kaohsiung. Because Hsieh did not try to turn either election into a DPP-KMT confrontation, he was able over time to develop a cooperative relationship with the KMT-dominated city council, eventually even being able to appoint his own candidates to leadership positions in the council.

¶5. (C) Corey Chen noted President Chen's public rejection of recent campaign statements made by Hsieh on plans to further liberalize cross-Straits economic policy if elected president.

While Hsieh will not criticize President Chen, he will continue to adhere to, and reiterate, his own campaign positions, our contact stressed. Corey Chen also voiced concern about the negative effects on Hsieh's campaign of recent price hikes and seeming government indifference, including the initial reluctance of Vice Premier Chiou I-jen to intervene to limit the rise in oil prices set by the state-owned CPC Corporation, Taiwan.

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¶6. (C) Hsieh, who is also concerned about President Chen's future role, has asked Corey Chen to prepare a simulation on what President Chen might do if Hsieh is elected president. Corey Chen noted that the general amnesty proposed by Hsieh on cases involving officials' use of special allowances would cover President Chen as well as others. However, President Chen's activism may be restrained by the declining health of his wife Wu Shu-chen, he suggested. President Chen feels responsibility for his wife's disability, which resulted from her being run over by a farm vehicle in 1985 as Chen and Wu were thanking voters for their support following Chen's unsuccessful bid for Tainan County Magistrate.

¶7. (C) Despite differences over campaign strategy and policy, Hsieh counts on President Chen to play a major role on the "organizational front" of the campaign. Hsieh hopes President Chen will focus on central Taiwan, where, Corey Chen said, Hsieh lags 7 percentage points behind Ma according to the Hsieh camp's internal polling. President Chen can direct government resources in ways that help the campaign and he has a special role to play in seeking political donations from companies in the Taichung high-tech zone. Corey Chen noted that the Hsieh campaign has already spent about NTD 200 million (equivalent to USD 6.2 million) at this early stage in the campaign.

¶8. (C) Relations between Hsieh and vice presidential candidate Su Tseng-chang, strained during the primary last May, are quite good now, Corey Chen noted. Hsieh called Su rather than President Chen after his recent knee injury, Corey Chen pointed out, adding that Su has been helpful and did not try to take any advantage from Hsieh's accident.

¶9. (C) In mid-November, Corey Chen said, Hsieh will begin introducing in rapid succession a series of policy proposals. Hsieh has tasked Corey Chen to prepare proposals on establishing English as a second working language, reforming Taiwan's judicial and legal system, demilitarizing Kinmen and Matsu, and building a casino in Kinmen. Hsieh will also be busy attending the openings of campaign headquarters for DPP

legislative candidates.

Comment

¶10. (C) Differences between Hsieh and Chen over policy and campaign strategy mean that we should be prepared for some confusing and conflicting signals from DPP leaders between now and the presidential election next March 22. President Chen's divisive approach has been a significant factor in the political polarization that has taken place in Taiwan in recent years. If Hsieh is elected president, many observers here will hope that his focus on the political center and emphasis on cooperation rather than confrontation will result in a less-charged political atmosphere.

YOUNG